

To analyze that why consumer prefer foreign made products over local products



Fahim Shahzad  
01-121042-045

A thesis submitted in partial fulfillment of the requirements for the  
degree of MBA

Department of Management Sciences  
Bahria Institute of Management and Computer Sciences

Bahria University Islamabad  
2007

## **ABSTRACT**

Consumer buying behavior is affected by many socio-cultural factors like social class, demographics, personality, and beliefs etc. However, besides these, the product itself also makes their decision for them because of the message it transmits, the visual impact it makes, the significant colors and logo of the brand, the brand image and awareness, and the price. Price is a particularly important attribute association because consumers often have strong beliefs about the price and value of the brand and may organize their product category knowledge in terms of the price tiers of different brands (Blattberg and Wisniewski, 1989).

In the last fifteen years of Pakistan's history there has been a sharp increase in the number of locally produced products and services coming into the market, ranging from electronic goods like Televisions and Computers, to durable products and services like automobiles and companies dealing in all forms of services including financing, I.T, advertising, etc. Although most of these goods and services are of commendable quality, both technologically and in terms of appeal, which is evident from the fact that exports have increased by nearly 78 percent to 12.143 billion dollars during the fiscal year 2005-2006. but there is still a very small presence of these goods and services in the Pakistani market in terms of consumer demand. It seems that most consumers are inclined towards purchasing foreign made goods rather than goods made in Pakistan even though there is little or no difference between the two in

terms of craftsmanship or technology, because of the perception the Pakistani populace has that foreign brands are of a better quality, whereas in reality this might not always be the case. This is evident from the fact that "Pakistani cotton is already said to be fetching two cents more per pound in the international market following the cleaner cotton campaign initiated by commerce minister Razzak Dawood", but still the textile sector at times imports cotton from neighboring countries like India and Bangladesh, for the production of cloth (Ahmed, 2002).

It's a general observation that foreign goods are perceived to be of more good quality than that of local goods and this leads to the reaction of buying more foreign good over local good i.e. Pakistani good in spite the fact that these foreign good are more expensive and are not easy to acquire, but they are preferred more. This leads to number of negative effects on local (that is Pakistani) market, manufacturing, servicing, investment, and industrial sector. The general reason for this can said to lack of patriotism towards local goods, or preference of consumer over quality the brand image of the product, or just the social requirement of showing your class of using foreign goods.

This leads us to the formation of four main research questions, which will be used to analyze and formulate the hypothesis.

## TABLE OF CONTENTS

Abstract	.....	Iii
Dedication	.....	v
List of tables	.....	vii
List of figures	.....	viii

### CHAPTER

<b>I. INTRODUCTION</b>	-----	<b>1</b>
•Broad problem area/Background		2
•Rational of the study		3
•Problem statement		5
•Theoretical Framework		6
•Objectives of the study		12
•Hypothesis		12
•Definition of the terms		13
<b>II. LITERATURE REVIEW</b>	-----	<b>16</b>
<b>III. METHOD</b>	-----	<b>29</b>
•Sample / data		29
•Instruments and measures / sources of data		29
•Procedure		30
<b>IV. RESULTS AND DISCUSSION</b>	-----	<b>31</b>
<b>V. CONCLUSION AND RECOMMENDATIONS</b>	-----	<b>47</b>

### References

### APPENDIX